

**MINUTES OF REGULAR MEETING OF
THE REDEVELOPMENT COMMISSION OF GREENSBORO
TUESDAY, MAY 18, 2004**

REGULAR MEETING

The Redevelopment Commission of Greensboro met in regular meeting in the Plaza Level Conference Room, Melvin Municipal Building, Greensboro, North Carolina, on Tuesday, May 18, 2004 at 5:07 p.m. Present were: Chair Bill Benjamin, Joe Wood, Jerry Leimenstoll and Nettie Coad. Dan Curry, Dyan Arkin and Barbara Harris represented the Housing and Community Development Department (HCD). Jim Blackwood, Esq., was present as legal counsel for the Commission.

Chair Benjamin called the meeting to order, introduced himself, and welcomed everyone to the meeting. He asked that anyone who wished to speak to come up to the microphone, identify themselves, and give their address.

1. APPROVAL OF THE MINUTES OF MARCH 16 AND APRIL 20, 2004.

Mr. Leimenstoll moved approval of the March 16, 2004 minutes as written, seconded by Mr. Wood. The Commission voted 4-0 in favor of the motion. (Ayes: Wood, Leimenstoll, Coad. Nays: None. Abstain: Benjamin.)

Mr. Leimenstoll moved approval of the April 20, 2004 minutes as written, seconded by Mr. Wood. The Commission voted 4-0 in favor of the motion. (Ayes: Benjamin, Wood, Leimenstoll, Coad. Nays: None.)

Chair Benjamin said there were people in the audience who had perhaps come for only one item and he would be willing to take such item or items first so that they would not have to sit through the entire meeting.

3. ARLINGTON PARK NEIGHBORHOOD. UPDATE ON 1700 MARTIN LUTHER KING, JR., DRIVE.

Mr. Curry said 1700 Martin Luther King, Jr. Drive is a house that the Commission owns. Staff had marketed it for a bunch of years and never found a buyer. He went through what staff had done, with Commission approval, and said they received the first viable proposal about a month ago. This house is being sold through the upset bid process so each time they receive a proposal that is acceptable, they do advertise it for upset bids. After receiving the first bid, staff advertised the property and they have actually been through three upset bids up to this point, the last bid having been received yesterday and that bid was submitted by Joy and Michael Edwards, who were present. He thought they were here mostly to see how this process works. The Edwards' bid will be in the newspaper on Thursday for advertisement. Their bid was \$29,098. Each of the upset bids has been just the minimum required amount of increase, which is 10 percent of the first \$1,000 and 5 percent of the balance. Unless the Commission instructs staff otherwise, this process continues until we do not receive a bid within the 10-day period.

Counsel Blackwood said if the bid is upset within the 10 days, then you have to republish the notice and give another 10 days from the date of publication.

Chair Benjamin said in terms of all these folks who are bidding, because of our restrictions and our criteria, we will receive an equivalent of the highest bidder and then the Commission will end up with a finished product that will meet the Commission's criteria.

Mr. Curry said that was correct. He said, in effect, we preapprove the bid packages that have the architectural plans, the specifications and the financing, and the staff basically approves that package before they will accept a bid.

Counsel Blackwood said it was subject to reservation that the Commission has the right to reject any and all bids at anytime and, of course, it is still subject to City Council's approval.

Mr. Curry said staff was looking at the reasonableness of a proposal. If a proposal comes in and it does not appear that the financing is sufficient, then we don't accept it. In this situation they have two people who have already submitted bids and both of those proposals, even though they are different, one is for a straight office use and the other is for a straight residential use, they both have a fully documented plan and have demonstrated the resources to carry out the plan.

Joy Edwards said she and Michael Edwards were bidding on the property. She said they had come to the meeting to find out really how the process worked, where the buyers were going with the property because she knew the Redevelopment Commission initially wanted these homes to be single-family homes with families that want to grow in those neighborhoods. They want the house as a residence. They also would like to know how long the bidding process go? Is there anything that could stop that process? She said she was a graduate of A&T and her husband was a Police Officer and they want their family to grow up in this City. She said they would like to be a part of helping this area and Greensboro grow.

Michael Edwards said he had been in the military for 13 years and is now working for the Police Department. He loved the old style houses. They realize that this house when you come into the City is a focal point. They plan to make the house look good for the City and the community.

Chair Benjamin said they must understand they had someone competing with them on price. He assumed that hopefully, if they were not the successful bidder, that they would consider some of the other things that the Commission has in its inventory because they do have other things.

Mr. Wood moved that the Commission go into Executive Session so they could talk with the Commission's attorney, seconded by Ms. Coad.

The Redevelopment Commission went into Executive Session from 5:20 until 5:27 p.m.

Chair Benjamin advised that the Commission basically decided that the Commission did not need to be in Executive Session to be able to discuss where we were, so really no decisions were made. It was just decided that the Commission did not need to be in Executive Session. He said the Commission was back now to discuss what choices they may have with regards to how we proceed from here on 1700 Martin Luther King, Jr. Drive.

Ms. Coad said she, as a low-income family, would not be able to compete with a businessperson who has a higher economic status. Would that factor in in anyway?

Mr. Curry said he thought that clearly was one of the results of the discussion about allowing a different use of the property, the fact that staff was trying to get the economic value of the property up to make it a doable project. He thought the appraisal staff got back on the property demonstrated that the potential to use this property for an office use carried with it a higher value than if it was used as a straight residence. So he thought the answer would have to be that more than likely there would be someone to use the house, at least partially, for office use would probably allow somebody to invest as much or more in the property and get their return back. So that could create an imbalance.

Chair Benjamin said this property sat for a long time, but since it was at one of the gateways to downtown, the Commission had wanted to see it used. After having received no residential bids for the property, the Commission had the property rezoned so a business prospect possibly could be found since the estimates for renovating the interior of the house were so great. However, now a bid has come along for the property to be renovated and used as a residence and this is what the Commission and neighborhood had wanted in the beginning.

Ms. Coad said the answer at this time was that the process has to go forward.

Chair Benjamin said before the Commission stopped the process and he thought the Commission had the ability to do it because it has language that allows the Commission to change things. The question is do we change things? The other parties that presumably are interested in this are not present and they may have as good a picture to paint as the folks who are here.

Mr. Curry said he thought, to be fair to those parties that have invested a lot of effort, including the Edwards, and there are two other parties who have invested in a full set of architectural plans and cost estimates so they have put a lot of time and effort into those proposals as well. And yes, the Commission does at some point have the option that if this bidding process keeps going and going and going, the Commission can suspend the bidding and do something else. He was not sure if they were at that point yet that staff would recommend that.

Mr. Wood said there were so many competing values, so to speak, all of them that the Commission has espoused. It really puts you in a quandary when you have three things here and all are the things we have espoused in the past that we wanted to see happen and it seems like all those things are happening on the same project.

Ms. Coad said she knew all the logical reasons that are stated, but she just hated to see anything in a low income community, in a low rent community, be priced out of an affordable range.

Chair Benjamin suggested that the Commission just let things continued and they could come back next month and staff can tell us what has happened in those 30 days.

Mr. Leimenstoll said as much as he would like to see a family in this property, what the Commission is doing is stimulating the market. The process seems to be working as we had hoped. He said he didn't perceive that there was a way they could stop that process that makes

sense at this point. The investment is fairly equal on all three of the parties and it is doing exactly what they had hoped would happen, as he saw it.

Chair Benjamin said he thought the Commission was saying that they would let the process continue. And he hoped the Edwards, if they were not the successful bidders, would look at something else that the Commission might have in its inventory.

Chair Benjamin said the Commission had a set of criteria out there, we have a Redevelopment Plan and they have something that is out there for this particular house and it's a minimum. Once the process gets started, it didn't necessarily feel fair to him to go in and say, "Wait a minute, we are now setting or refocusing and measuring in a different way." It is a fairness issue.

Mr. Wood put forth a scenario where the Commission would say it favored one site plan over another because it fit in with the Commission's plans for the community and stop the bidding at that point.

Counsel Blackwood said he did not think the Commission would have the power to do it in that manner. You would have the power first to simply say, "We need to stop and think about it and start all over." And if there is a set of objective criteria ever put in, it was supposed to be met by anybody who bid and the fact that someone's plans would exceed that or even if it has to be more aesthetically appealing, you are getting beyond the criteria that you established in the bidding criteria and that is something that could then get into potential problems. He thought they should go forward on the criteria as they have been published and set up for bids, or you can stop the process and rethink what you want to do; whether you change criteria or whatever, but he didn't think they could go forward in this process as you are doing it and change the criteria as you go along.

Mr. Curry said if they were to stop and change the criteria - and he asked Counsel Blackwood to tell him if he was wrong - then they would have to have some sort of a proposal process. They couldn't just go to a single proposal, or we at least have to have a public advertisement.

Mr. Leimenstoll said they would have to reject all bids established in the criteria and move forward again.

Chair Benjamin said it was very important to be fair to the Edwards as well as everybody else. If someone were to feel slighted because they changed the rules in mid stream, it just doesn't feel right. However, he would hope that all three bidders could find something in the Commission's inventory, if they were not successful in obtaining this property. The Commission has come a long way in creating interest in this property. And the Commission hopes that they can capture everybody in the market, especially people who appreciate an old design so there may be some way that the Commission could support the Edwards in a way that the system would approve. He advised Ms. Edwards to check with the Zoning Department and they could tell her what she could do as a business on the property or could not do. Then if she wanted to have a business in part of the property, she would know what type businesses would be allowed.

Chair Benjamin explained to Mr. Edwards that the reason the upset bid process was there was to protect basically the public and it was one of those things where the dollars that you are paying actually are recirculated to help other people, so he didn't think there was any way to restrict it. It is

there actually to promote that sort of deal where no one gets an advantage or a disadvantage. He thanked the Edwards for coming out and for their interest in the property.

Ms. Harris said that staff would request that items 6 and 8 be removed from the agenda.

6. WILLOW OAKS NEIGHBORHOOD. ACQUISITION OF 711 SOUTH BOOKER STREET.

8. OLE ASHEBORO NEIGHBORHOOD. APPROVAL OF INITIATION OF CONSIDERATION OF NEGOTIATED SALE TO THE GREENSBORO HOUSING DEVELOPMENT PARTNERSHIP OF THE PROPERTY LOCATED AT 605 EAST BRAGG STREET.

The Commission agreed that these items could be removed from the agenda.

4. NEALTOWN FARMS. TRANSFER OF 1 ROCKY RIDGE POINT FROM RCG TO THE CITY OF GREENSBORO.

Staff said this property, intended for purchase by the City of Greensboro, was deeded to RCG in error.

Mr. Wood moved that a correction deed be signed on behalf of the Commission, properly deeding this property to the City of Greensboro, seconded by Mr. Leimenstoll. The Commission voted 4-0 in favor of the motion. (Ayes: Benjamin, Wood, Leimenstoll, Coad. Nays: None.)

7. WILLOW OAKS NEIGHBORHOOD. ACQUISITION OF 1609 McCONNELL ROAD.

Ms. Arkin said attached are the appraisal and review appraisal for 1609 McConnell Road. This property consists of a vacant lot measuring approximately 10,600 square feet. The appraiser estimates the value of this property at \$11,000. The reviewer noted the omission of site or tax maps and reference to tax map numbers in the appraisal package, but concurs with the estimate of market value of \$11,000. The appraiser has subsequently provided the tax map and has added tax lot information to the legal description. The Commission is asked to set an offer price of \$11,000 for the property.

Mr. Wood moved that the Commission offer the appraised value of \$11,000 for the property at 1609 McConnell Road, seconded by Ms. Coad. The Commission voted 4-0 in favor of the motion. (Ayes: Benjamin, Wood, Leimenstoll, Coad. Nays: None.)

5. EASTSIDE PARK NEIGHBORHOOD. UPDATE ON EASTSIDE PARK COMMUNITY CENTER.

Ms. Arkin said in 2002, the Commission leased property located at 407 Gillespie Street to a partnership entity between the Eastside Park Neighborhood Association and Westminster Presbyterian Church for the purpose of building a community center. The center is now in

operation and providing programs for the community. Staff will invite members of the Board to present an update on operations and programming at the June Commission meeting.

Mr. Wood asked if the Commission could use the Community Center for next month's meeting?

Ms. Arkin said they could do both. Staff could ask them to come here to the regular Commission meeting and just give a brief presentation and update and let you know what's been happening and how things are going. Then staff could arrange for a field trip to see the various locations and products in which the Commission is interested.

Chair Benjamin said he thought it would be nice to have the June meeting at the Community Center. There might be somebody who never understood who we were. And if they had a field trip that ended up there, we could start at 3:30 and limit it to an hour and a half.

The Commissioners were agreeable with that plan. If for some reason it could not happen, the meeting would be held here as usual.

2. PUBLIC HEARING ITEM: FORMER HAMPTON REDEVELOPMENT AREA - 2503 EVERITT STREET.

Ms. Harris said in January, the Commission authorized staff to put this property on the market at the appraised value of \$16,000. At the end of January, they received a formal proposal from Rev. Lester Woodard with Living Hope Missionary Baptist Church to use the property for church expansion. He had initially expressed an interest in using it as a parking lot. Staff requested from him construction plans and a construction schedule that was due in April. He appeared at the April meeting and had not yet had the plans completed and asked for additional time. At the April 20, 2004 meeting, the Commission voted to hold a public hearing in this matter for the purposes of offering this property for sale with restricted uses to Living Hope Missionary Baptist Church at the appraised value of \$16,000. She said she didn't know why Rev. Woodard was not here. She had spoken to him prior to this meeting.

Chair Benjamin said he thought the Commission had a good discussion about it at the April meeting and he thought the context was the church was in the process of figuring what it was going to do and where the funds were going to come from. This gives them enough time in which to do it, but also gives us some control from the 2-year update to make sure they are making progress, rather than us having to get reprieves on deadlines. It is for church purposes only, which could be either a parking lot to support the church or a building, depending on how they determine church needs in the future and they would still have to come back to us with the plans when the plans are finally produced so we could approve them prior to construction.

Chair Benjamin declared the public hearing open and asked if there was anyone present who wanted to speak about this item, 2503 Everitt Street, which was to be sold to Living Hope Missionary Baptist Church for church purposes, and no one came forward. Thereupon, Chair Benjamin declared the public hearing closed.

Mr. Leimenstoll moved that the Commission sell 2503 Everitt Street under the proposal to Living Hope Missionary Baptist Church for the appraised value of \$16,000, subject to final approval by

the Commission of development plans for the property, whether it be developed for building use or for parking, with improvements to be completed within 5 years and with updates from the church every 2 years until it is developed.

Mr. Wood said he would like to add a friendly amendment. As part of the terms of the sale, that it only be used for church use.

Mr. Leimenstoll accepted Mr. Wood's friendly amendment.

Mr. Wood seconded the motion as amended. The Commission voted 4-0 in favor of the motion as amended. (Ayes: Benjamin, Wood, Leimenstoll, Coad. Nays: None.)

9. ADDITIONAL BUSINESS.

Mary E. Black, president of the Arlington Park Neighborhood Association, 409 Burton Street, said she received a call from the Edwards and several members of the neighborhood. They did not know whom the Edwards were and that they had bid on the 1700 Martin Luther King, Jr. Drive property. She said the neighborhood would like to have a policeman in the property because if there is a business that closes in the evenings, the building is there all night and there might be stragglers out there, so most of the people around the neighborhood would like to have a policeman live in the house. She said she knew the bidding process and she really came to show support for the young couple who had bid on the property.

Ms. Coad said they very much would like to have a policeman living in the house. They had tried to get a policeman in a property on McCulloch Street , but they couldn't, so that would be progress, she thought.

Chair Benjamin suggested that the neighborhood might wish to talk to the Edwards and see if there was some way they could hook up with one of the other bidders and have that bidder rent part of the structure. Then there may be some way they could be more aggressive on their price.

Ms. Coad said that house was a big, small house. It was a big house, but had only 3 bedrooms.

Ms. Black asked why a room could not be added to the back of the house?

Mr. Curry said each of the proposers had a configuration as to how they would finish the back of the house and staff left that up to the buyer to do it however they saw fit, as long as it met the architectural standards.

Chair Benjamin thanked Ms. Black for her remarks.

Ms. Harris said the first thing she would like to share with the Commission is something for informational purposes. She passed out a HUD pamphlet to the Commissioners and explained that this is the information staff shares with property owners and tenants when property is being considered for acquisition...

Ms. Arkin said there are two additional properties in Willow Oaks that she would like to present to the Commission today, if possible. They need to be presented together because of some issues

with the appraisals and because the improvements on one lot actually encroach on the other lot; therefore, it would be advantageous to make the offers simultaneously and potentially minimize the legal work. They should be presented at this meeting because when staff contacts the owners to let them know that we have an interest in their property we tell them that we will make an offer within 90 days, if we are going to make an offer. If the Commission prefers not to hear these this evening, staff can certainly place them on the June agenda and notify the owners that they have not yet been approved. It is acceptable to do that. Staff just wanted to be within that 90-day window if it was possible.

Ms. Arkin said for these properties, it was a more complicated process of appraisals and reviews than we usually go through and they were not on the agenda because staff did not think they would be ready for this meeting. They thought they would have to address the issue of the 90-days anyway, but because they are ready for this evening, they decided that if the Commission were willing to hear them, they would like to present them, if possible.

Ms. Arkin said once an offer was made, the owners then have the opportunity to come to the Commission and discuss it at that point.

Chair Benjamin said the paperwork on these properties was quite long and he really would like to read through them and not just rubber stamp what is there.

Ms. Arkin said staff could certainly hold them until the June meeting. There isn't any specific reason not to hold them. She said one of the properties was owner-occupied and it was a very complicated situation. Several years ago they actually did an early appraisal and were going to purchase her property out of sequence because at that point when people were requesting that we do that, if it was possible, staff did do it. In the appraisal process, they found that there was the encroachment on the other piece of property and determined that they would hold off until the point where they would be purchasing both pieces of property. The house on 1605 encroaches on 1607 and there are two different owners. There was a notice of interest sent to the property owners when the properties came onto the acquisition list. A second notice went out when the appraisal process started, which essentially was the initiation of the Commission's interest in each piece of property. We don't commit to purchase it at that time, but we tell them that we will make an offer within a 90-day time frame of this letter, if it is possible to do so.

Counsel Blackwood said since one property encroached on the other, it would be a little bit more of a technical issue about the whole thing. Depending on how old they are, 1605 may have an argument by adverse possession they own that part where the house is anyway. On the other hand, you could say their property is worth less because the building encroaches. Then you tear the building down and that makes an incomplete building and actually it impacts the other one by saying that they have an encroachment they need to remove. However, by acquiring both of the properties, the encroachment issue between the two will resolve itself.

Ms. Arkin said that once an offer is made, that triggers the relocation process. Staff could begin working with Ms. Golden in 1605 on finding another place.

Chair Benjamin said in the review appraisal for Mr. Blackwood's appraisal it says, "attached is review of Ms. Blackwood's appraisal. ... I disagree with the final value conclusion of \$30,000."

Chair Benjamin said he would suggest that the Commission hold off on consideration of these properties and come back to them next month.

Ms. Arkin said she would give the Commission a very brief synopsis of the two properties. 1605 and 1607 McConnell are very similar houses. They are not identical, but they are very similar. 1605 McConnell was appraised at \$40,000 for a variety of reasons. It was a valid appraisal, but it was rejected by the review appraiser because we required that they address all three approaches and the income approach was not addressed. The appraiser subsequently provided the income approach, the review appraiser re-reviewed it with the additional information and recommended acceptance. Owner will receive compensation for the purchase of the property plus the differential as her relocation benefit. So they would invite her to find another house that she wishes to purchase that is comparable. They will establish a comparable amount for another dwelling, if that is what she chooses. She will receive the purchase price of the property plus the differential for relocation. Because both of those come into play, the adjustment of the purchase price will be responded to by the differential so the total amount that this owner will receive from acquisition and relocation will be the same, no matter where we set the price for this particular property. She didn't know if that was important information or not, but she wanted to make sure that there was an understanding that it was owner-occupied. That is treated somewhat differently once an offer is made than a rental is treated.

1607 McConnell is a rental property. This property was appraised at \$30,000. It was considered by the appraiser to be in above average condition because it had a very recent paint job and was extremely clean, but the construction of the property was below average in that it had an extremely awkward floor plan and a broken sewer line, which would maybe need some adjustments before it was really marketable. This was rejected by the review appraiser, as Mr. Benjamin just read to you. She stated that it lacked rental comps, that the appraiser did not explain his basis for GRM, that it should not have been appraised based on the repair of the sewer line; that that should be adjusted for. There were other minor deficiencies noted in the appraisal. The original appraiser provided all of the information and justifications for everything that was requested of him. As we were attempting to get the second piece of the appraisal to the review appraiser, a phone conversation with her brought to light that the primary reason it was being rejected was an unwillingness to recommend approval of the value because she had appraised the house next door at a higher value and was unwilling to believe, under any circumstances, that the value of this one was 25 percent less than the value of the one next door. At that point, staff considered getting a second review of the appraisal, but at this time there is only one other reviewer for Willow Oaks because we have this sort of package with several appraisers and reviewers that we have been working under and that reviewer shares an office with the appraiser that did this appraisal. We typically do not ask him to do reviews of his partner's appraisals. Staff has reviewed the appraisal and the additions to the appraisal and the justification, the additional data, and staff is comfortable that all the deficiencies in the original appraisal have been addressed and that two similar properties in close proximity in this neighborhood can be 25 percent apart in value. Staff does believe that both of these appraisals are probably very good appraisals.

Ms. Arkin said the lot size of 1605 is about 20 percent larger. The building size on 1607 is about 100 square feet larger. They do have one that is owner-occupied; that tends to have less deferred maintenance. They have one that is a rental so even though there was a recent paint job and the interior was relatively clean, it had been unoccupied for a very long time and the sewer line was broken and potentially there are other problems. There is a new roof on the structure at 1605.

They weighed both appraisals against each other and staff is comfortable that the appraisals are probably good appraisals. They were uncomfortable with the fact that we didn't have the second one re-reviewed, but were in a position right now where that is a little difficult.

Chair Benjamin said that personally he would like to hold off. He thought he would like to go ahead and just get a new appraisal.

Ms. Arkin said that was probably what staff would do over the next 30 days.

Counsel Blackwood said he thought the appraisers were trying to make it more complicated than it is, but he did believe when you have got substantially similar properties next door to each other and taking the lower appraisal against the higher one, that was actually 33 percent difference instead of just 25 percent. A situation has been created with these where it would be hard to justify telling the landowner that we have an appraiser that is saying it is worth \$40,000 instead of \$30,000.

Chair Benjamin said he thought that just getting a new appraisal would probably be the best way to go. Let's hope that the appraiser picks some value that makes sense.

Ms. Arkin said she was quite familiar with both of these properties and she was not uncomfortable with the difference, but she agreed that it needs to be well documented.

Mr. Wood asked if these two properties could be on next month's field trip so that they can take a look at them and see if they look comparable.

* * * * *

There being no further business before the Commission, the meeting was adjourned at 6:35 p.m.

Respectfully submitted,

Dan Curry, Assistant Secretary
Greensboro Redevelopment Commission

DC/jd.ps